

1. Laura is studying fashion design at Kwantlen University in Vancouver, BC. She has \$6500 in savings to cover her living expenses during her first 3 months of study. Laura wants to open a new bank account. Her monthly living expenses are \$2000 a month. She estimates that she will write 2 cheques, pay 4 bills online and use her bank card for about 10 transactions each month.

The Northwest Bank of Canada offers four types of accounts.

Which account would be the least expensive choice for Laura?

Which account would be the least expensive choice for Laura? Explain why. ▼ /5

Take a look at the 4 accounts on page 2 and use the template on page 3 to help you to decide. Then answer the question, below.

NORTHWEST BANK OF CANADA SERVICE PACKAGES

	Value Account	Self-service Account	Full-service Account	Bonus Savings Account
Monthly fee	\$3.90	\$10.90 Students and Youth (under 18) save 50% on the monthly fee	\$24.50	No fee
Fee waived on minimum monthly balance	\$1000.00	\$1500.00	\$2000.00	
Transactions covered by monthly fee: <ul style="list-style-type: none"> • cheques • withdrawals • bill payments • debit purchases • transfers to other Northwest Bank of Canada accounts 	10 self-service	25 self-service	40 self-service or teller-assisted No annual fee for a credit card	2 debit transactions
Charge for additional transactions not covered by monthly fee	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.25 each	Self-service or teller-assisted \$1.25 each
Non-Northwest Bank of Canada ATM withdrawals	\$1.50 each	\$1.50 each		
Interest				Daily interest that grows with your balance

Transaction Types

Self-service: Any transaction that does not require a bank teller. This includes withdrawals, deposits, cheques, money transfers, direct payment purchases, and transactions made at an ATM, by telephone, or online.

Teller-assisted: Includes all transactions that require a teller, such as in-branch withdrawals, transfers, in-branch bill payments, and traveller's cheque and foreign currency purchases.

Solution:

Set up a table to help you decide

- Because the Bonus Savings account only allows 2 free transactions we can eliminate this account straight away.

Laura's Account options			
	Value	Self-Serve	Full-Serve
Month 1			
Approximate minimum monthly balance: $\$6500 - \$2000 = \$4500$			
Monthly Fee	\$	\$	\$
Transaction charges	\$	\$	\$
Month 2			
Approximate minimum monthly balance: $\$4500 - \$2000 = \$2500$			
Monthly Fee	\$	\$	\$
Transaction charges	\$	\$	\$
Month 3			
Approximate minimum monthly balance: $\$2500 - \$2000 = \$500$			
Monthly Fee	\$	\$	\$
Transaction charges	\$	\$	\$
Total for 3 months	\$	\$	\$

Using this information, go back to page 1 and answer the question.

2. Delphine has a Value Account at the North West Bank of Canada (see p. 2) with an opening balance of \$768.23 on April 1st. She made the following transactions in the first two weeks of the month:

- Teller-Assisted payment of \$105.42 for her utility bill.
- Cash withdrawals of \$60.00, \$40.00, \$20.00 and \$100.00 at the North West Bank of Canada ATMs.
- Bank card payments of \$167.24 for groceries, \$45.00 for gas, \$3.55 for a cup of coffee, \$125.45 for a new pair of running shoes and \$145.67 for groceries.
- Deposit of \$650.45 at a North West Bank of Canada ATM.
- Cash withdrawal of \$60.00 at another institution's ATM. There was a charge of \$1.50 in addition to the North West Bank of Canada service charge

Delphine tracks all of her transactions in a record book. Below is a summary of her transactions that she recorded.

<i>Transaction</i>	<i>Date</i>	<i>Description</i>	<i>Payment</i>	<i>Deposit</i>	<i>Balance</i>
	4/1/10				768.23
FS	4/2/10	Utilities	105.42		
ATM	4/3/10	Cash	60.00		
ATM	4/4/10	Cash	40.00		
DC	4/4/10	Groceries	167.24		
DC	4/5/10	Gas	45.00		
DC	4/5/10	Coffee	3.55		
ATM	4/6/10	Cash	60.00		
ATM	4/8/10	Deposit		650.45	
DC	4/9/10	Runners	125.45		
DC	4/9/10	Groceries	145.67		
ATM	4/9/10	Cash	20.00		
ATM	4/12/10	Cash	100.00		
ATM*	4/14/10	Cash	60.00		

* Transaction made at another institution's ATM.

a) List the types and amounts of service charges for each transaction in the 2 week period. What is the total she will pay in service charges?

(hint: Count the number of transactions on p. 4 for total transactions. Also note the fee for teller-assisted bill payment and the two fees for using non-Northwest ATM.) /4

b) Why do you think Delphine recorded the last ATM withdrawal with a *? /1

c) What is her balance at the end of the 2 week period if she includes the service charges in her calculations?

(Fill in transaction register p. 4 then add fee from (a).) /3

d) If Delphine has no further transactions for the month of April, will she have to pay the monthly fee? Explain. /1

/8

My bank has a service
where they text me my
balance. I just don't
think they should add
"LOL" to the end.



som^{ee}cards
user card